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## THE ASEAN AND THE GREAT POWERS

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## ASEAN I POTĘGI ŚWIATOWE

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**Summary:** The paper finished in October of 2015 outlines successively 1) the geo-economic and geopolitical position of the ASEAN and the member countries in the years 1980-2014, 2) the origins and the institutional development of the ASEAN, with taking into consideration of other, to some extent competitive, projects of regional cooperation, and 3) the connections, with the merchandise trade as a driving component, between, on the one hand, the ASEAN as the entity and the most important South-East Asian countries and, on the other hand, their four most important outside economic and geopolitical partners (in alphabetical order, China, the European Union, Japan and the United States). In the pattern of these external connections more and more easily is possible to identify the exceptional role played by the United States and China. In the case of China, we should take into consideration the Chinese diaspora and geo-economic and geopolitical impact of the Mekong River.

**Keywords:** global economy, ASEAN, regional integration, the bilateral relations in Asia.

**Streszczenie:** Artykuł przygotowany w październiku 2015 r. przedstawia kolejno 1) pozycję ASEAN i krajów go tworzących z punktu widzenia geoeconomii i geopolityki w latach 1980-2014, 2) zarys powstania i rozwoju instytucjonalnego ASEAN, z uwzględnieniem innych, poniekąd konkurencyjnych, inicjatyw szeroko rozumianej współpracy regionalnej oraz 3) wybrane powiązania, przede wszystkim handlowe, ASEAN i najważniejszych krajów Azji Południowo-Wschodniej, zwłaszcza z czterema najważniejszymi partnerami, gospodarczymi i geopolitycznymi (w alfabetycznej kolejności – Chinami, Japonią, Stanami Zjednoczonymi i Unią Europejską). W coraz wyraźniej wyłaniającym się obrazie powiązań zewnętrznych współcześnie wyjątkową rolę odgrywają Stany Zjednoczone i Chiny. W przypadku Chin, dodatkowo uwzględnić należy chińską diasporę oraz geoeconomiczne i geopolityczne znaczenie rzeki Mekong dla Chin i Azji Południowo-Wschodniej.

**Słowa kluczowe:** gospodarka globalna, ASEAN, regionalna integracja, relacje dwustronne w Azji.

## 1. Introduction

In order to see the international role of the ASEAN and of its member countries, as well as their relationship with the chosen great powers, we should ask some basic questions. The first ones are obviously about their shares (aggregate and individual) in the world area, population, GDP PPP, exports and imports, FDI inward stocks and inflows. In the case of trade and FDI values, it would be necessary to distinguish definitely the ASEAN area and the outside world. Taking into due consideration also the issues of the geopolitics, the same endeavour should be undertaken with the data on the military expenditures. Although the ASEAN region is so strongly connected with its outside world, in reality only the few partners appear to be significant. So it would be possible to confine the attention in the second part of the paper to the United States, China, Japan, the European Union, India and Korea. It seems worthwhile to assess the value of the variables at the given time, as well as their dynamics.

## 2. The ASEAN and its countries' position in the world economy and politics 1980-2014

Even with the superficial look, it is impossible not to notice huge diversity. Indonesia is without any doubt the only ASEAN country deserving to be a member of the Group of the Twenty. Although the share of its population, almost 90 per cent Muslim, is decreasing, its demographic supremacy is in the region unquestionable (42.3 in 1950, 40.7 in 2014). The Philippines (by the way, more than 80 percent

**Table 1.** The area (thousand sq. km)

Country	Area
Brunei Darussalam	5.8
Cambodia	181.0
Indonesia	1,910.9
Lao PDR	236.8
Malaysia	330.8
Myanmar	676.6
The Philippines	300.0
Singapore	0.7
Thailand	513.1
Vietnam	331.0
ASEAN	4,486.7
World	134,324.7
<b>ASEAN %</b>	<b>3.3</b>

Source: World Bank [September 2015].

**Table 2.** The population (thousands)

	1950	1960	1970	1980	1990	1995	2000	2005	2010	2014
Brunei Darussalam	48	82	130	193	257	295	331	362	393	417
Cambodia	4,433	5,722	7,022	6,718	9,009	10,694	12,198	13,32	14,364	15,328
Indonesia	69,543	90,138	114,835	147,49	181,437	196,958	211,54	226,255	241,613	254,455
Lao PDR	1,683	2,12	2,686	3,253	4,248	4,858	5,343	5,745	6,261	6,689
Malaysia	6,11	8,161	10,909	13,834	18,211	20,725	23,421	25,796	28,12	29,902
Myanmar	17,527	21,486	27,166	34,471	42,007	44,711	47,67	49,985	51,733	53,437
The Philippines	18,58	26,273	35,805	47,397	61,947	69,836	77,932	86,141	93,039	99,139
Singapore	1,022	1,634	2,074	2,415	3,016	3,483	3,918	4,496	5,079	5,507
Thailand	20,71	27,397	36,885	47,385	56,583	59,266	62,693	65,864	66,692	67,726
Vietnam	24,81	32,671	43,407	54,373	68,21	75,199	80,286	84,204	88,358	92,423
ASEAN	164,466	215,684	280,919	357,529	444,925	486,025	525,332	562,168	595,652	625,023
World	2,525,149	3,018,344	3,682,488	4,439,632	5,309,668	5,735,123	6,126,622	6,519,636	6,929,725	7,265,786
ASEAN %	<b>6.51</b>	<b>7.15</b>	<b>7.63</b>	<b>8.05</b>	<b>8.38</b>	<b>8.47</b>	<b>8.57</b>	<b>8.62</b>	<b>8.6</b>	<b>8.6</b>

Source: United Nations [2015].

Roman Catholic), the most demographically dynamic country (leaving aside Brunei Darussalam), increased its share from 11.3 to 15.9 per cent. Following them are Vietnam, with the mixture of different of religious convictions, and Thailand, with more than 95 per cent Buddhists.

Very interesting results brings about application of the concept promulgated by McKinsey & Company, i.e. the consuming middle class 20,000 – 70,000 US\$ (annual household-income, prices of 2005). According to the report, *Understanding ASEAN: Seven things you need to know* already some 67 million households in ASEAN states are a part of the consuming class, and the number could almost double to 125 million households by 2025, making ASEAN “a pivotal consumer market of the future” [Vinayak et al. 2014, p. 6]. This way of thinking leads even further.

The opportunity is to be a bridge and a meeting point for China and India, the most interesting countries for centuries, if not for thousands of years. Indochina (strikingly meaningful name) contains, amongst the ten ASEAN members six: Cambodia, Laos, Malaysia, Myanmar, Thailand and Vietnam. Yet, under closer scrutiny we could see also in Indonesia and Singapore huge historic and present capacities for being the liaisons for China and India, as well as for other great powers of the world economy and trade. And this report not only repeats the thesis that “the region sits at the crossroads of many global flows”. There we read that “by 2025, more than half of the world’s consuming class will live within a five-hour flight of Myanmar” [Vinayak et al., p. 6].

**Table 3.** GDP PPP shares of the world's total

	1980	1990	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
Brunei Darussalam	n/a	0.048	0.045	0.04	0.037	0.033	0.032	0.031	0.031	0.031	0.029	0.028
Cambodia	n/a	0.021	0.023	0.027	0.035	0.04	0.04	0.04	0.041	0.043	0.045	0.046
Indonesia	1.584	1.961	2.265	1.955	2.034	2.142	2.249	2.273	2.321	2.387	2.439	2.48
Lao PDR	n/a	0.016	0.018	0.02	0.022	0.024	0.026	0.027	0.028	0.029	0.031	0.032
Malaysia	0.343	0.448	0.568	0.596	0.619	0.636	0.628	0.641	0.648	0.664	0.674	0.691
Myanmar	n/a	n/a	n/a	0.106	0.16	0.183	0.194	0.194	0.197	0.205	0.215	0.224
The Philippines	0.695	0.598	0.538	0.533	0.551	0.562	0.57	0.583	0.581	0.602	0.625	0.641
Singapore	0.164	0.252	0.308	0.336	0.353	0.372	0.371	0.407	0.415	0.417	0.421	0.419
Thailand	0.56	0.871	1.059	0.901	0.954	0.943	0.924	0.946	0.911	0.941	0.937	0.913
Vietnam	0.182	0.234	0.28	0.326	0.383	0.406	0.429	0.433	0.443	0.452	0.461	0.473
ASEAN	3.541	4.401	5.059	4.8	5.111	5.308	5.431	5.544	5.585	5.74	5.848	5.919
ASEAN-5	3.364	4.113	4.711	4.31	4.541	4.688	4.8	4.877	4.903	5.046	5.135	5.199

Source: International Monetary Fund [2015a].

**Table 4.** GDP 2014 value (US\$ billion)

	GDP CP	GDP PPP	GDP PPP per capita
Brunei Darussalam	17.1	33.0	79890.18
Cambodia	16.6	50.2	3275.67
Indonesia	888.6	2685.9	10651.34
Lao PDR	11.7	34.5	5005.83
Malaysia	338.1	769.4	25145.35
Myanmar	63.1	244.4	4752.40
The Philippines	284.6	693.4	6973.67
Singapore	307.9	454.3	83065.59
Thailand	404.8	1069.6	15578.56
Vietnam	185.9	512.6	5655.79

Source: International Monetary Fund [2015b].

Only a few comments should be enough. The share of the ASEAN countries in the world product has been increasing very quickly, definitely more rapidly than the ASEAN population' share. These results have been achieved in spite of three short-term downturns during these 35 years. Of course the most known and especially painful for South East Asia was the last one, which begun during the summer of 1997 in Thailand. Having reached the low point in 1999 (4,751, or 0.49 percentage point lower than in 1996), the share has started to grow strongly and continuously.

Although there are various ways to categorize the ASEAN countries, particularly convincing appears the separation by the IMF of the ASEAN-5. This group consists of five countries, Indonesia, Malaysia, The Philippines, Thailand and Vietnam (the last one has become the ASEAN member lately, in July of 1995). It is possible also to see that although the share of the ASEAN as an entity is growing, it is not always

**Table 5.** Merchandise exports (billion US\$)

	1980	1990	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
Brunei Darussalam	4.6	2.2	2.4	3.9	6.2	10.3	7.2	8.9	12.5	13.0	11.4	10.5
Cambodia	0.02	0.1	0.9	1.4	3.1	4.7	4.2	5.1	6.7	7.8	9.2	10.8
Indonesia	21.9	25.7	45.4	65.4	87.0	139.6	119.6	157.8	203.5	190.0	182.6	176.3
Lao PDR	0.03	0.1	0.3	0.3	0.6	1.1	1.1	1.7	2.2	2.3	2.3	2.7
Malaysia	12.9	29.5	73.9	98.2	141.6	199.4	157.2	198.6	228.1	227.5	228.3	234.1
Myanmar	0.5	0.3	0.9	1.6	3.8	6.9	6.7	8.7	9.2	8.9	11.2	11.0
The Philippines	5.7	8.1	17.5	38.1	41.3	49.1	38.4	51.5	48.3	52.1	56.7	62.1
Singapore	19.4	52.7	118.3	137.8	229.6	338.2	269.8	351.9	409.5	408.4	410.3	409.8
Thailand	6.5	23.1	55.4	69.0	110.9	177.8	152.4	193.3	222.6	229.1	228.5	227.6
Vietnam	0.3	2.4	5.4	14.5	32.4	62.7	57.1	72.2	97.9	114.5	132.0	150.5
ASEAN	71.9	144.1	320.4	430.2	656.6	989.7	813.8	1049.8	1239.5	1253.7	1272.6	1295.3
World	2036.0	3490.0	5168.0	6458.0	10509.0	16160.0	12555.0	15301.0	18338.0	18496.0	18954.0	19002.0
ASEAN %	3.5	4.0	6.2	6.7	6.2	6.1	6.5	6.9	6.8	6.8	6.7	6.8
Singapore %	1.0	1.5	2.3	2.1	2.2	2.1	2.1	2.3	2.2	2.2	2.2	2.2

Source: World Trade Organization [2015].

**Table 6.** Merchandise imports (billion US\$)

	1980	1990	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
Brunei Darussalam	0.6	1.0	2.1	1.1	1.5	2.6	2.5	2.5	3.6	3.6	3.6	3.6
Cambodia	0.2	0.2	1.2	1.9	3.9	6.6	5.8	6.8	9.3	11.4	12.8	13.5
Indonesia	10.8	21.8	40.6	43.6	75.7	127.5	93.8	135.7	177.4	191.7	186.6	178.2
Lao PDR	0.1	0.2	0.6	0.5	0.9	1.4	1.5	2.1	2.4	3.1	3.0	3.3
Malaysia	10.8	29.3	77.7	82.0	114.3	156.3	123.8	164.6	187.5	196.4	205.9	208.9
Myanmar	0.4	0.3	1.3	2.4	1.9	4.3	4.3	4.8	9.0	9.2	12.0	16.2
The Philippines	8.3	13.0	28.3	37.0	49.8	60.4	45.9	58.5	63.7	65.4	65.1	67.5
Singapore	24.0	60.9	124.5	134.5	200.0	319.8	245.8	310.8	365.8	379.7	373.0	366.3
Thailand	9.2	33.0	70.8	61.9	118.2	179.2	133.7	182.9	228.8	249.1	250.4	228.0
Vietnam	1.3	2.8	8.2	15.6	36.8	80.7	69.9	84.8	106.8	113.8	132.0	149.3
ASEAN	65.6	162.4	355.3	380.6	603.1	997.8	727.0	953.5	1154.3	1223.2	1244.6	1234.7
World	2077.0	3600.0	5285.0	6725.0	10870.0	16572.0	12782.0	15510.0	18503.0	18713.0	19026.0	19091.0
ASEAN %	3.2	4.5	6.7	5.7	5.5	6.0	5.7	6.1	6.2	6.5	6.5	6.5
Singapore %	1.2	1.7	2.4	2.0	1.8	1.9	1.9	2.0	2.0	2.0	2.0	1.9

Source: World Trade Organization [2015].

so with the share of particular countries. Thailand, the second economy in the region, appears to be in difficult situation in the recent years. Otherwise, Vietnam is closing a gap strikingly quickly.

At first glance, the ASEAN role in the world trade seems to look better than in the case of the world production and change in the right direction. But in the ASEAN's trade, some specific features should attract our attention.

Clearly, the most important is the position of Singapore. It systematically maintains the place in the middle of the second ten of the world. More important is its role of a *sui generis* trade hub. Only a part of its exports is domestic exports and only part of its imports is retained. In the first case, the share of its own export is gradually decreasing, from nearly 60 per cent in the nineties to around 53 per cent in 2013 and 2014. In the second case, the fall is more violent, from 60.3 per cent in 1997 to 49.6 per cent in 2003 and 47.3 per cent in 2014. Taking into consideration the Singapore's role in the ASEAN trade, the very important question is: in which proportion is Singapore the middleman for ASEAN and non-ASEAN less or more distant neighbours?

In the case of the ASEAN-5 countries, the division is very clear. For Indonesia and The Philippines, economic openness index is low, as for the rest, especially for Malaysia and Vietnam, it is high [World Bank 2015]<sup>1</sup>.

But about the most important feature Finn Laursen wrote some years ago in Chapter 13 [2010].<sup>2</sup> The pattern is very clear in the comparison of the shares of intra-regional exports of the NAFTA, the EU, the Mercosur, and the ASEAN in the years 1980-2006. Although the EU remained unrivalled, with the increase from 60.8 per cent to 67.2 per cent, the NAFTA narrowed the gap, having increased the share of the intra-regional exports from 33.6 per cent to 53.9 per cent (in 2002 even 56.7 per cent). And, although the results in the case were even worse, the ASEAN clearly lagged behind. Its share increased, from 18.7 per cent in 1980 to above 20 per cent in the 90's and slightly more than 25 per cent in 2006. Laursen concluded: "Actually, intra-regional trade did not really increase very much over the last 30 years within ASEAN, except possibly in the most recent years (since 2000)" [Laursen 2010, p. 240].

In reality, the situation is somewhat worse. We should begin with more data.

**Table 7.** ASEAN intra-trade shares 1993-2014 (per cent)

	1993	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Intra-ASEAN exports %	21,1	23,7	22,8	25,3	25,2	25,3	25,6	24,6	25	26,4	25,8	26	25,4
Intra-ASEAN imports %	17,4	16,8	21,1	24,5	25	24,6	23,9	24,3	25,9	23,6	22,8	22,4	23

Source: based on ASEAN [2015a], [2015].

While looking at the above data, it seems that getting the top points – after strong increase – around 2003, and maintaining some stabilization with slight increase for some following years till 2008, in the recent years we could hardly detect any

<sup>1</sup> More details regarding trade (% of GDP) may be found there.

<sup>2</sup> Especially, Table 13.1 Intra-regional export shares, 1970-2006. there are also two interesting texts, *From AFTA to ASEAN Economic Community – Is ASEAN Moving towards EU-style Economic Integration?* [Hwee 2010, pp. 215-26] and *China and the East Asian Regional Process* [Bingran 2010, pp. 227-35]

**Table 8.** FDI inward stocks

	1980	1990	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
Brunei Darussalam	0.01	0.03	0.6	3.9	2.1	2.0	3.5	4.1	4.8	5.7	6.3	6.2
Cambodia	0.04	0.04	0.4	1.6	2.5	3.9	4.8	6.2	3.0	9.4	11.2	13.0
Indonesia	4.6	8.7	20.6	25.1	41.2	72.2	108.8	160.7	184.8	211.6	230.8	253.1
Lao PDR		0.01	0.2	0.6	0.9	1.4	1.6	1.9	2.2	2.5	2.9	3.6
Malaysia	5.2	10.3	28.7	52.7	44.5	73.6	79.0	101.6	115.1	132.7	136.0	133.8
Myanmar		0.02	1.2	3.8	6.5	7.8	7.8	14.5	15.6	16.1	16.7	17.7
The Philippines	1.3	3.3	6.7	13.8	15.0	21.7	22.9	25.9	31.0	36.5	47.3	57.1
Singapore	5.4	30.5	65.6	110.6	237.0	459.0	507.9	632.8	688.8	821.0	869.9	912.4
Thailand	0.9	8.2	17.7	30.9	61.4	94.5	106.9	139.3	155.0	172.4	178.3	199.3
Vietnam		0.3	5.7	14.7	22.4	41.4	49.0	57.0	64.5	72.9	81.8	91.0
ASEAN	17.4	61.6	147.6	257.6	433.2	778.7	892.3	1144.0	1264.9	1480.7	1581.1	1687.1
World	701.2	2197.8	3566.4	7203.8	10988.6	14979.4	17610.0	19607.4	20441.7	22073.2	24483.7	24624.5
ASEAN %	2.5	2.8	4.1	3.7	3.9	5.2	5.0	5.8	6.2	6.7	6.5	6.9
Singapore %	0.8	1.4	1.8	1.5	2.2	3.1	2.9	3.2	3.4	3.7	3.6	3.7

Source: UNCTAD [2015].

growth of the share in exports, as in imports – the fall between 2010 and 2014 is a striking one.

In any case, the ASEAN intra-trade was, and is, very small. There is no comparison with the relevant shares of the exports and the imports of the European Union, but also of the NAFTA.

The data presented above permits us to see a broad image of the changes in the region's attractiveness for the foreign investors during the recent decades. One cautionary remark is necessary; the data includes jointly the investors from the countries outside the region, as well as the resident within the ASEAN countries. Looking at the FDI inflows between 2006-13 the ASEAN's contribution is yet more modest than in the case of trade, the average being below 16 per cent [ASEAN 2014, Tab. VI.2.]. The available space does not permit, however, to enter here into a more detailed analysis<sup>3</sup>.

The increase of the FDI inward stocks is equally impressive as the changes of other basic economic data. Their value jumped from 17.4 in 1980 to nearly 260 in 2000, nearly 780 in 2008, 1144 in 2010 and above 1687 billion in 2014. As their rate

<sup>3</sup> Anybody interested to begin some further search, should start with the *ASEAN Investment Report 2013-2014. FDI Development and Regional Value Chains, South East Asia Investment Policy Perspectives*, OECD December 2014, Foreign Direct Investment into ASEAN in 2010 and, within the ASEAN database, *Foreign Direct Investment Statistics*, <http://www.asean.org/news/item/foreign-direct-investment-statistics>.

of growth was strikingly higher than of the world FDI inward stocks, the ASEAN share has grown from 2.5 to 6.9 per cent of the world's total. Even more imposing is the position of Singapore, followed by Indonesia, Thailand, Malaysia and Vietnam. Particularly rapid is the growth of the inward stocks in Vietnam, nearly 23 times during the last twenty years.

**Table 9.** Military expenditure

	1988	1990	1995	2000	2005	2010	2011	2012	2013	2014
Indonesia	2.5	2.6	3.5	2.6	3.6	5.1	5.8	8.0	9.0	8.1
Malaysia	1.4	1.8	3.0	2.4	4.5	4.2	4.8	4.7	4.8	4.9
The Philippines	2.0	1.9	2.3	2.2	2.3	2.7	2.7	2.7	3.1	3.0
Singapore	3.0	3.8	5.3	7.3	8.6	9.3	8.9	8.7	8.9	9.1
Thailand	3.5	3.9	5.2	3.3	3.1	5.4	5.5	5.4	5.6	5.7
Vietnam	1.1	1.7	...	...	1.6	2.9	2.7	3.1	3.3	3.6
ASEAN	13.8	16.1	20.0	18.4	24.4	30.0	31.1	33.3	35.4	35.2
World	1563.0	1502.0	1076.0	1115.0	1416.0	1738.0	1744.0	1740.0	1719.0	1711.0
ASEAN %	0.9	1.1	1.9	1.7	1.7	1.7	1.8	1.9	2.1	2.1

Note: Constant (2011) US\$ billion

Source: SIPRI [2015].

Although during gathering of the sources it seemed to be good option to concentrate on the economic issues, it would be risky to ignore the military questions. Some warnings could be discovered in the summary of the annual report by the SIPRI in April. We should notice that the message, as well as the data, were rather equivocal. In spite of the fact that East Asia is one the strongest exceptions in the world trends in the military expenditures (increase by 76 per cent between 2005-14), in the case of South East Asia this rate was significantly lower (45 per cent) [Perlo-Freeman 2015, p. 3]. Much more important is taking into consideration the absolute numbers and assessing them as shares of the GDP and per capita.

When looking at the part of the military expenditures within the GDP, we could find solid tendencies of decrease in Malaysia and Thailand to around 1.5 percent, in The Philippines to slightly above 1 per cent and Indonesia slightly below 1 per cent. Only in Vietnam about 2.2 per cent and in Singapore about 3.2 per cent of GDP is allocated for the military purposes (by the way, even in these countries military expenditures take a lot less from the GDP than in the nineties). And hardly possible would be (with the significant exception of Singapore) to justify the idea of any arms race with the expenditures per capita [Perlo-Freeman 2015, p. 3]. It seems that the economic and social development in South East Asia so far is not endangered.

This does not mean, however, that serious geopolitical and geo-economic tensions are not growing. But, first of all, the most urgent is presence at the seas,



especially South China Sea. Although not quite alone ones, but nevertheless more involved into the territorial disputes with China, the Vietnamese and the Filipino peoples maintain their own names, respectively East Sea and, alternately, Luzon Sea or West Philippine Sea. But a more important factor seems to be that indeed there is a great military confrontation between the United States and China.

Coming back to our main problem, it is possible to conclude that so far the region achieved a lot of various success and has quite promising perspectives. These developments took place in spite of many vicissitudes. To be honest, it is very difficult to find any other part of world so heterogeneous, so full of differences, divergences and discrepancies, and so vulnerable. In author's opinion, the opinion that "ASEAN is a group of countries that exhibit extreme asymmetries between them" [Laursen 2010, p. 263] still remains valid.

It is possible to discern very complex interplay between the objective demographic, ethnic, religious, political, economic, cultural and social realities and the processes of institutional integration.

### **3. The ASEAN – institutional development**

The ASEAN is one of the earliest attempts to follow the example of the European Communities. Association of Southeast Asian Nations was established in August 1967 by five founding members, Indonesia, Malaysia, The Philippines, Singapore and Thailand. Perhaps the leaders became convinced by the book of Ernst B. Haas *Beyond the Nation State*, but they did not notice the Empty Chair Crisis and the Luxembourg Compromise. Only one event in South East Asia in the first two decades took place, the admission of Brunei Darussalam in 1982.

Once again under the influence the new developments in West European integration, as well as attempted responses in other parts of the world, at the Fourth ASEAN Summit meeting in January 1992, ASEAN members signed the Singapore Declaration and the Framework Agreement on Enhancing Economic Cooperation, which resulted in the formation of ASEAN Free Trade Agreement (AFTA) [ASEAN 1992 a, b].

The important part was accepted, then the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for AFTA [ASEAN 1992c]. According to it, the member states accepted the elimination of quantitative restrictions and other non-tariff barriers, as well as reduction of tariff rates on intra-trade to 0 – 5 per cent within 15 years since the beginning of the year 1993.

The Fifth ASEAN Summit in Bangkok at the end of 1995 adopted the Agenda for Greater Economic Integration. In the main document the leaders declared: “- ASEAN shall further accelerate the progress towards the actualisation of AFTA before the target date of Year 2003. Member Countries will maximise the number of items with tariffs reduced to 0-5% by the year 2000 as well as expand the number of products with tariffs reduced to 0% by the same year; - ASEAN shall remove all

quantitative restrictions and non-tariff barriers and shall schedule the elimination of NTBs beginning 1 January 1996” [ASEAN 1995].

Even at the Sixth ASEAN Summit in Hanoi at the end 1998, in spite of the painful experiences of the East Asian Financial Crisis, the six original member states agreed to accelerate the implementation of the ASEAN Free Trade Agreement, of course, with a different timetable for Vietnam, Laos and Myanmar [ASEAN 1998].

Unfortunately, the acceleration took place in the directions not chosen by the leaders'. Since 2001, the summits came about each year and since 2007 even twice a year (the last one, XXVI<sup>th</sup> summit was held in April 2015). The ASEAN institutional architecture appears to be becoming more and more sophisticated. It is producing a lot of documents. But it very difficult to repudiate – even now – hard but justified accusation by Yeo Lay Hwee: “ASEAN has never been short of grand declarations and initiatives. However, its implementation record of these various initiatives has thus far been abysmal” [2010, p. 220].

In the second half of the nineties ASEAN Plus Three (APT) cooperation began, between the Association of Southeast Asian Nations and the three East Asia nations of China, Japan, and South Korea. If the first spurs were related to the Asia-Europe (ASEM) meetings (the first summit in Bangkok in March of 1996), and the genuine cause became the East Asian Financial Crisis, the process, involving the leaders, government ministers and high officials, has been gradually deepened and widened.

Its successive offspring became the East Asia Summit (EAS). If the origins could be found in the idea promoted by Malaysian Prime Minister Mahathir Mohamad already in 1991, the initial decision was undertaken at the ASEAN+3 Summit in Cambodia in 2002. The first summit was held in Kuala Lumpur at the end 2005. After, some arguments took place between the initiating countries, yet three countries, India, Australia, and New Zealand (all, but especially the first ones, in order to try to balance the growing China's power). The summits are taking place annually (the nearest, 10<sup>th</sup>, should be in November of 2015 in Kuala Lumpur). Since the 6<sup>th</sup> Summit in Bali in November, the number of official members has been increased to 18, after inclusion of the United States and Russia.

The last offspring – rather wrongly – remaining in the deep shadows, is the proposal of the Regional Comprehensive Economic Partnership (RCEP). RCEP negotiations were formally launched in November 2012, at the ASEAN Summit in Cambodia. In the negotiations, whose recent piece was the third meeting of the economic ministers on 24 August 2015 in Kuala Lumpur, 16 countries participate, without the United States and Russia [ASEAN 2015].

The two most spectacular outside initiatives of the great significance are the Trans-Pacific Partnership (TPP), promoted by the United States and the Asian Infrastructure Investment Bank (AIIB), advanced by China.

The agreement was reached by trade ministers on 5 October 2015 in Atlanta, the result of five days of round-the-clock talks and of 10 years of negotiations “a hallmark victory” for President Obama, who has pushed for a foreign-policy “pivot” to the

Pacific rim [Granville 2015]. The agreement with 11 other Pacific Rim countries closed the penultimate phase. Still, it needs ratifications and it became the very controversial question in the United States. In the case of final success, it will change the conditions for the economic cooperation, also with four ASEAN countries: Singapore, Malaysia, Vietnam and Brunei.

The proposal of an Asian infrastructure bank appeared relatively not long ago. China's leader, Xi Jinping, just before the summits of the APEC in Bali and of East Asia, becoming the first foreign leader to make a speech in Indonesia's parliament, he surprised nearly everybody with a proposal [The Economist 2013]. It took slightly more than one year to gather at the Great Hall of the People in Beijing (24<sup>th</sup> of October, 2014) the leaders of other 21 countries of Asia and the Middle East. All ASEAN countries but Indonesia (the new president just then took office) were present. So far the AIIB has 57 participating countries of Eurasia, with only few from other continents (Egypt, South Africa and Brazil). Perhaps the most striking is the absence of two countries, the United States and Japan. It goes without saying that it is definitely too early to assess the AIIB perspectives.

#### 4. ASEAN and its main partners (China, the EU, Japan and the U.S.)

Coming back to current situation, let us begin with four tables showing the geographical structure of the ASEAN trade.

**Table 10.** Exports shares

	1993	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
US	10.3	18.5	18.0	14.3	10.5	10.1	9.5	8.6	8.6	9.0	9.6
Japan	15.0	14.4	11.6	9.9	10.8	9.6	9.8	11.7	10.1	9.7	9.3
EU-28	15.2	14.9	15.5	12.5	11.8	11.4	10.9	10.2	10.0	9.8	10.3
China	2.2	2.1	3.5	8.1	9.0	10.1	10.7	10.3	11.3	12.0	12.4
Korea	3.0	2.9	3.5	3.8	3.7	4.2	4.3	4.4	4.4	4.2	4.0
India	0.7	1.0	1.6	2.3	3.2	3.3	3.4	3.4	3.5	3.3	3.4

Source: ASEAN [September 2015].

**Table 11.** Import shares

	1993	1995	2000	2005	2008	2009	2010	2011	2012	2013	2014
US	15.1	14.6	13.9	10.6	9.0	9.2	9.0	8.1	7.5	7.4	7.2
Japan	24.9	24.7	18.8	14.1	11.8	11.4	10.8	11.2	11.2	9.5	8.8
EU-28	14.0	14.6	11.3	10.4	10.0	10.8	9.8	9.4	9.6	9.8	9.3
China	1.9	2.2	5.2	10.6	11.9	13.3	12.4	13.3	14.5	16.0	17.6
Korea	3.2	3.6	4.4	4.1	4.5	5.6	5.6	6.1	6.2	6.6	5.4
India	0.6	0.6	0.9	1.4	1.9	1.7	2.0	2.2	2.3	2.1	2.0

Source: ASEAN [September 2015].

**Table 12.** Exports shares 2014

	Japan	China	US	EU-28	Korea	India
Brunei Darussalam	<b>39.0</b>	1.8	0.3	0.1	12.5	9.1
Cambodia	6.5	4.1	24.1	<b>33.7</b>	1.6	0.1
Indonesia	<b>13.1</b>	10.0	9.4	9.6	6.0	6.9
Lao PDR	2.3	<b>34.2</b>	0.6	5.7	0.4	1.2
Malaysia	10.8	<b>12.0</b>	8.4	9.5	3.7	4.2
Myanmar	3.5	<b>63.0</b>	0.4	1.9	2.3	5.7
The Philippines	<b>22.5</b>	13.0	14.1	10.9	4.1	0.5
Singapore	4.1	<b>12.6</b>	5.9	8.0	4.1	2.7
Thailand	9.6	<b>11.0</b>	10.5	10.2	2.0	2.5
Vietnam	10.3	10.4	<b>20.0</b>	19.5	5.0	1.7

Source: ASEAN [September 2015].

**Table 13.** Imports shares 2014

	Japan	China	US	EU-28	Korea	India
Brunei Darussalam	2.6	<b>26.9</b>	8.4	8.2	4.5	0.7
Cambodia	1.6	<b>20.6</b>	2.1	2.4	4.1	1.0
Indonesia	9.5	<b>17.2</b>	4.6	7.1	6.6	2.2
Lao PDR	1.9	<b>25.6</b>	0.4	2.5	2.2	0.9
Malaysia	8.0	<b>16.9</b>	7.7	10.4	4.6	2.0
Myanmar	5.4	<b>42.4</b>	0.4	2.5	3.6	3.9
The Philippines	8.0	<b>15.0</b>	8.7	11.7	7.8	1.5
Singapore	5.5	<b>12.1</b>	10.3	12.0	5.9	2.3
Thailand	15.6	<b>16.9</b>	6.4	8.5	3.8	1.3
Vietnam	8.9	<b>30.3</b>	4.3	6.2	15.0	2.2

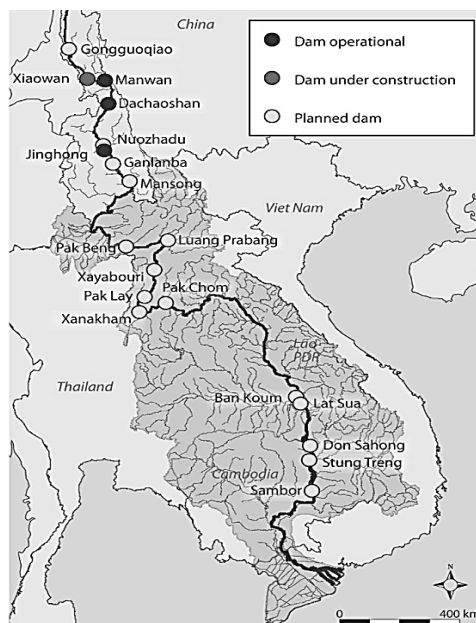
Source: ASEAN [September 2015].

The declining share in exports as well as in imports of the region, with the significant differences in the time and in its scale, in the case of the United States, Japan and the European Union, is not quite surprising. Similarly, the differences in the scale of growth of China's share in exports and imports of the ASEAN, as an entity, should not surprise. It is worthwhile to notice that in 2014 China became the supplier number one in imports for all countries, but in exports it is the most important market for five countries (including Singapore, Malaysia and Thailand), as Japan remains such a market for three countries (including Indonesia and The Philippines), and the United States and the European Union respectively for Vietnam and Cambodia. Special attention should be paid to the fact that a turning point for China as a trade partner in South East Asia, took place quite recently, around 2005. It is quite easy to notice that Korea and especially India remain clearly behind the first

foursome. But equally important is the fact that the total share of these six trade partners is fairly stable, between 49 and 56 per cent in the exports and 50 and 60 per cent in the imports.

Having gathered data on FDI inflows, it was decided against presenting them in the form of a table. The main reason is that although the value of them is not quite low (in years 2006-13 it amounted to 681 US\$ billion), more than a half (343,1) came in Singapore. The next were Indonesia (96.6), Thailand (70.1), Malaysia (66.1) and Vietnam (59.1). Yet, amongst the FDI home countries, the strongest seem to be some belonging to the European Union and Japan, as The United States remain clearly behind. China is growing as an investor, but the distance is noticeable.

Even in such a brief outline of the problems appears to be a serious mistake to omit two determinants. Having exhausted all the space already, let us replace the impossible deliberations with two, indeed telling, maps.



**Fig. 1.** Power and responsibility. The Mekong River Commission and Lower Mekong mainstream dams  
Source: Lee and Scurrah [2009].

To attempt any conclusion is very risky task. It seems that the region, so dynamic and full of contradictions, is worthy to be studied at least so much as the great powers pay their attention to it. The balance sheet for recent decades is favourable. In spite of many vicissitudes South East Asia is now better developed and more capable to face even serious challenges than it was twenty or more years ago. Of course the ASEAN have not managed to transform the region into “a single production unit”

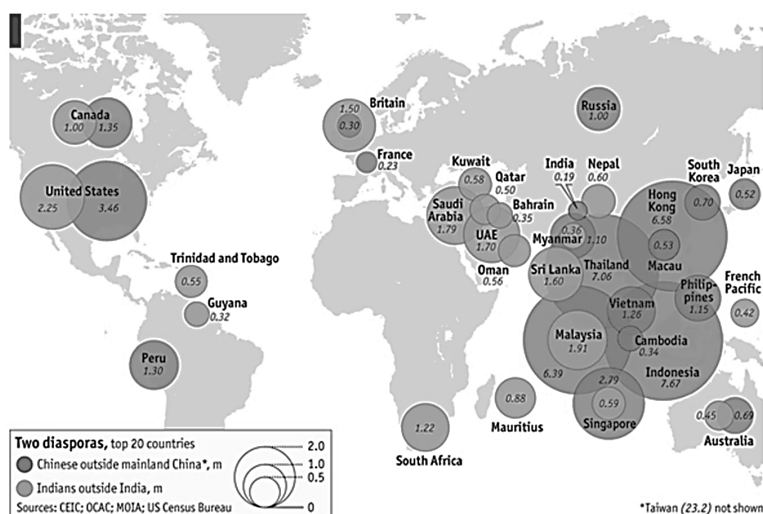


Fig. 2. Mapping migration

Source: The Economist [2011].

[The Chinese University of Hong Kong 2015]. It was simple “impossible mission”. Even more, it is rather difficult to identify genuine successes in the field of “domestic” policies.

Quite different I assess its complex relations with the outside world. To be honest, I see the ASEAN as – at the same time – the subject and the object of geopolitics and – to a degree – of geo-economics. But, with so numerous vulnerabilities, the ASEAN appears nevertheless to punch above its weight.

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